



EQUITY.

FIXED INCOME YIELD.

OIL PRICES.

INFLATION.

CURRENCY

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Mutual Funds Factsheet

September 2022

GLOBAL

- The monetary policy actions of global central banks continued to dominate headlines in the month under review as they appear undeterred in their fight against elevated inflation readings. Although, headline inflation moderated in US for the second consecutive month, declining by 20 bps to 8.3% y/y for August and UK inflation slowed to 9.9% y/y in August from 10.2% in July, nonetheless, their respective central banks marched on with rate hikes to further moderate inflation. Accordingly, U.S Federal Reserve raised rates for the third consecutive time by 75 bps while the Bank of England (BOE) increased the key policy rate for the seventh consecutive time by 50bps to 2.25%.
- Meanwhile, recession fears ignited by aggressive rate hikes and worries about China's economic strength pushed oil prices lower. For context, Brent crude oil prices declined by 8.6% m/m to an average of \$90.16 (August: \$98.60). The UK's economy came under spotlight at the tail-end of the month as the announcement of outlandish tax cuts and plans to increase government spending by the Minister of Finance drove widespread sell-offs in the country's financial market. However, some calmness returned after the Bank of England announced its intention to buy back UK gilts.
- It was yet another turbulent month for global stocks as aggressive rate hikes by central banks and its attendant impact on economic growth undermined appetite for risk assets. In the US, DJIA and S&P plunged by 7.25% and 7.95% month-on-month respectively. Similarly, the European markets suffered losses as FTSE (-5.30% m/m) and Stoxx 600 (-7.14% m/m) fell sharply in September. MSCI Emerging Markets Index also declined significantly by 12.15% m/m while MSCI Frontier Markets Index shed 9.21% m/m.

DOMESTIC

- The composite PMI rose to 53.7 in September from 52.3 in August, signalling an improvement in private sector activities despite elevated inflationary pressures and FX liquidity challenges. The increase was underpinned by strong increases in outputs and new orders. However, there was a notable increase in backlogs of work due to challenges faced by manufacturers in securing funding needed for production activities.
- Headline inflation rose further by 88 basis point to 20.52% y/y in August (July - 19.64%), on the back of persistent pressures across the food (+110bps) and core (+94bps) baskets. Food inflation accelerated to 23.12% YoY, due to the combined impact of security challenges in food producing regions, elevated input and associated logistics costs. Similarly, core inflation rose to 17.20% y/y due to the knock-on effects of elevated energy prices, rising commodity prices and liquidity challenges in the FX market.

FINANCIAL MARKET UPDATE

EQUITIES

- The local bourse recorded a loss for the fourth consecutive month in September as investors' appetite for stocks remained weak due to expectations for sustained uptick in Fixed Income yields. Overall, the All Share Index declined by 1.63% m/m while the year-to-date performance moderated to +14.77% (August YTD:+16.67%).
- Given the absence of positive triggers in the macro space and corporate actions, domestic investors who are the dominant market players continued to rotate funds to the FI market to take advantage of attractive yield offerings.
- The bearish performance of the market was driven by losses in large-caps- NESTLE (-10.00%), GTCO (-9.19%), and ZENITH (-7.30%). Sectoral performance was also negative as the Insurance index (-6.45%) recorded the biggest loss followed by Oil and gas (-4.49%), Consumers (-2.64%), Banking (-2.12%) and Industrials goods (-1.63%) indices.

FIXED INCOME

- Bearish sentiment prevailed in the fixed income market, as supply outweighed demand amidst tight system liquidity, increased CRR debit, FX retail auction and higher inflation numbers. In addition, the 150 bps hike in MPR by the MPC at the latter part of the month further supported the northward trend of FI yields.
- The Treasury Bills market reflected opposing movement at the primary and secondary markets. While average yield advanced by 213 basis points month-on-month at the primary market, the average yield at the secondary market declined slightly by 23 basis points as demand for short-dated instruments increased due to expectation of further yield widening. At the last NTB auction in September, the 364-day instrument closed at a stop rate of 12.0% relative to 9.75% and 10% earlier in the month.
- At the September bond auction, the DMO re-opened the 2025, 2032 and 2037 maturities. Participation level was slightly lower when compared to the August auction as bid-to-cover ratio declined by 0.1 points to 1.1x. Average stop rate at the auction advanced by 60 basis points to 13.93% relative to August. Similarly, average yield at the secondary market for bonds advanced by 31 basis points in September relative to August.

FUND STRUCTURE

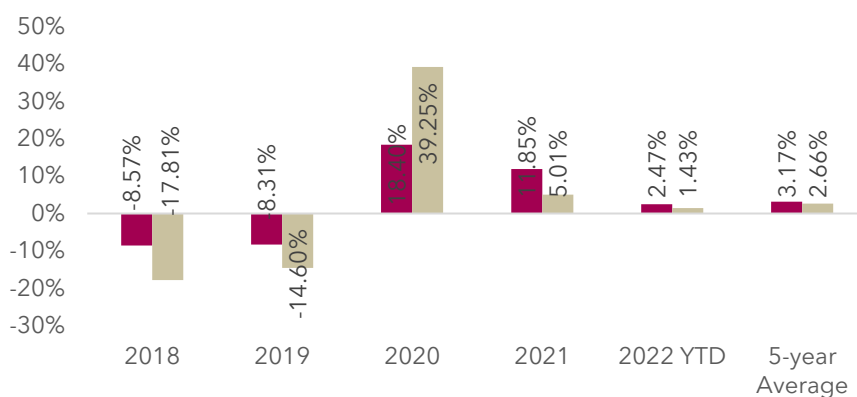
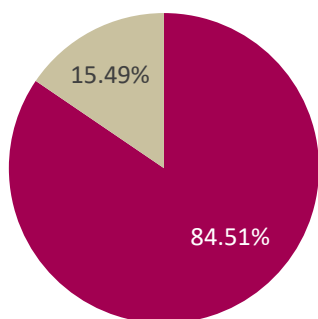
The ARM Aggressive Growth Fund is an open-ended fund with a permissible investment limit exposure of 70% - 100% in stocks of companies quoted on the Nigerian Stock Exchange. The ARM Aggressive Growth Fund is constituted by a trust deed and duly authorized and registered in Nigeria as a unit trust scheme under the Investments & Securities Act 1990.

FUND OBJECTIVE

The mix of assets in the Fund is aimed at providing long term capital growth opportunities for investors with a high-risk tolerance.

KEY FACTS

Launch Date	April 2007
Size of Fund	₦2.24 Billion
Memorandum Listings	2008
Initial Investment Amount	₦50,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Nigerian Stock Exchange 30 Index (NGSE30)
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	High
Monthly Relative Return(Sept 30)	+1.28%
Equity Beta	0.81
FUND ASSET ALLOCATION	FUND PERFORMANCE



■ Equities ■ Fixed Income

■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	20%	Underweight
Consumer Goods	16%	Overweight
Financials	14%	Overweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
MTNN	15%	Overweight
DANGCEM	11%	Underweight
NESTLE	9%	Overweight

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FUND STRUCTURE

The ARM Discovery Balanced fund seeks to maximize return by investing in a broad spectrum of asset classes that comprises of equities and fixed income securities. The Fund Manager is required to maintain a minimum equity position of 40% and a maximum of 60%. It is not the objective of the Fund to replicate the performance of the Nigerian equity market; rather, it has a primary objective to deliver competitive returns over the long term.

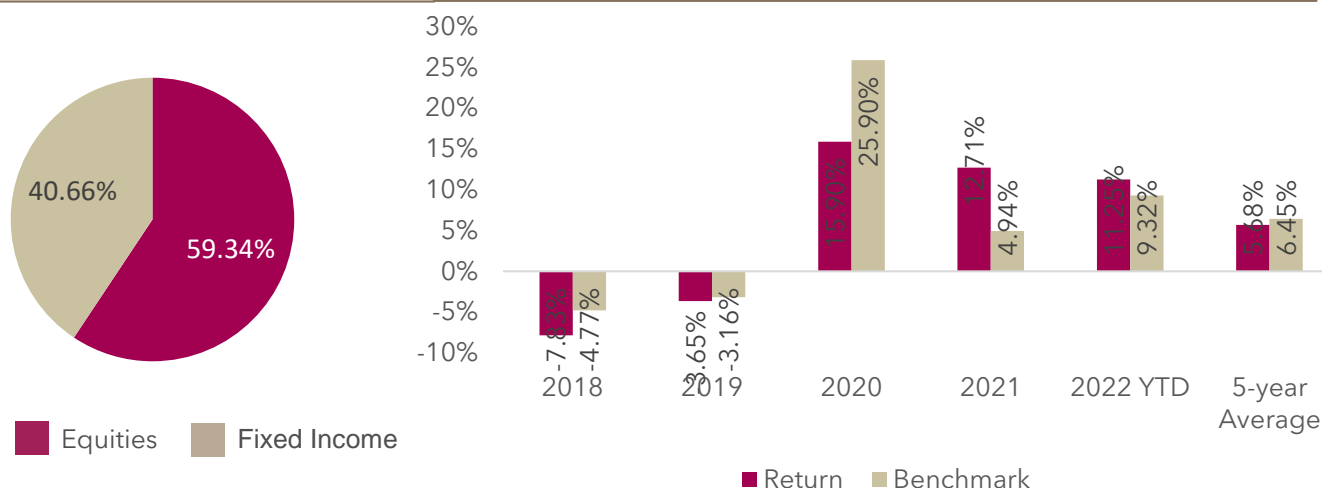
FUND OBJECTIVE

The mix of assets in the Fund is aimed at providing long term capital growth opportunities for investors with a medium risk tolerance.

KEY FACTS

Launch Date	January 1995
Size of Fund	₦4.65 Billion
Memorandum Listings	April 2002
Initial Investment Amount	₦10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of NSE ASI and FMAN 91-day Average T-Bill rate.
Trustee	FBNQuest Trustees Nigeria Ltd, a subsidiary of FBNQuest Ltd.
Custodian	Rand Merchant Bank Limited
Risk Profile	Medium
Monthly Relative Return(Sept 30)	+0.07%
Equity Beta	0.88

FUND ASSET ALLOCATION	FUND PERFORMANCE
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Top 3 Equity Sector Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	22%	Underweight
Consumers	9%	Overweight
Industrials	9%	Underweight

Top 3 Equity Exposures		
SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
AIRTEL	12%	Underweight
MTN	9%	Overweight
DANGCEM	7%	Underweight

FUND STRUCTURE

The ARM Ethical Fund is an open-ended fund designed to enable ethical investors to invest in line with ethical Islamic investment principles the principles of Shari'ah laws will be upheld whilst managing the Fund, specifically the Fund is designed to exclude all forms of "riba or interest" from all its investment operations and prohibits investments in businesses that are inconsistent with Islamic principles, such as gambling, tobacco, alcohol, ammunition, sale or purchase of pork and all forms of adult entertainment.

The Fund is structured to have an Advisory Board and an Investment Committee with expertise in shariah investing.

FUND OBJECTIVE

The primary objective of the Fund is to achieve long-term capital appreciation and income distribution through investments in a select portfolio of securities and assets in accordance with the principles of Islamic finance and ethical values. The Fund is suitable for investors who:

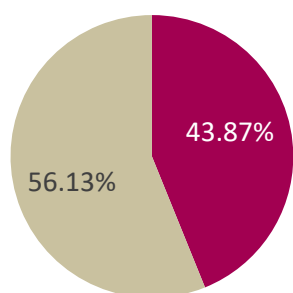
- Wish to achieve long-term capital growth on their investments.
- Have a medium investment risk appetite.

KEY FACTS

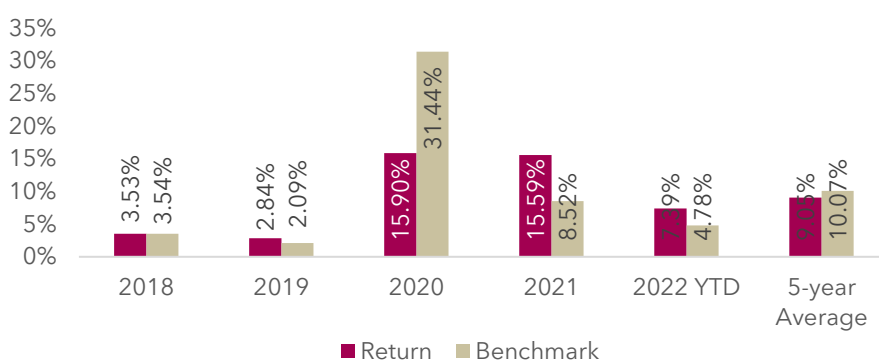
The ARM Ethical Fund is a Shari'ah compliant open-ended Islamic Fund.

Fund Structure	Open-Ended
Size of Fund	₦559.04 Million
Nominal Value	₦20.00/Unit
Initial Investment Amount	₦10,000.00
Management Fee	1.5% of NAV
Benchmark	Composite of NSE Lotus Islamic Index and 5-Year Sovereign Sukuk Bond
Trustee	Royal Exchange Plc.
Custodian	Rand Merchant Bank
Risk Profile	Medium
Monthly Relative Return(Sept 30)	+0.01%
Equity Beta	0.88

FUND ASSET ALLOCATION



FUND PERFORMANCE



■ Alternatives ■ Equities

■ Return ■ Benchmark

Top 3 Equity Sector Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
Telecoms	12%	Underweight
Consumer Goods	11%	Overweight
Industrials	9%	Underweight

Top 3 Equity Exposures

SECTOR	PORTFOLIO WEIGHT	RELATIVE WEIGHTING
DANGCEM	8%	Underweight
AIRTELAFRICA	7%	Underweight
OKOMUOIL	6%	Overweight

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ARM SHORT TERM BOND FUND



FUND STRUCTURE

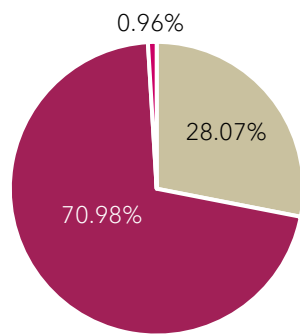
The ARM Short Term Bond Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond instruments.

FUND OBJECTIVE

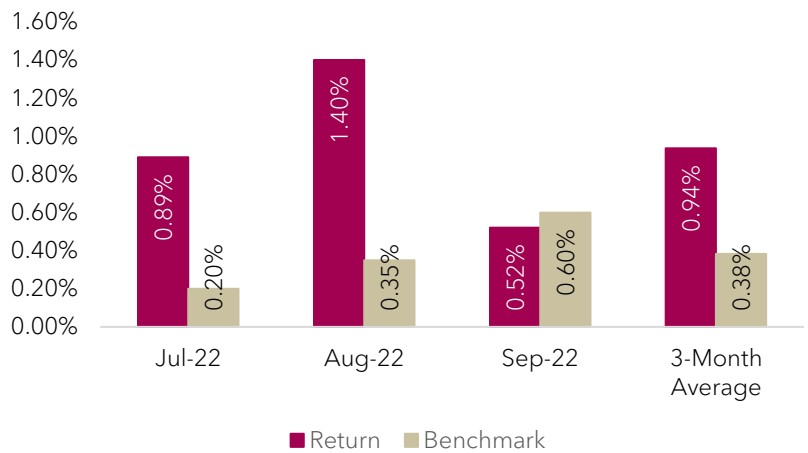
The primary objective of the Fund is to provide investors with competitive returns and diversification benefits through investment in Naira denominated short to medium term investment grade fixed income securities such as money market instruments, FGN and Corporate bonds with a maximum duration of 3 years.

KEY FACTS

Launch Date	April 2022
Size of Fund	₦922.25 Million
Initial Investment Amount	₦10,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Low - Medium
Monthly Relative Return(Sept 22)	-0.07%
FUND ASSET ALLOCATION	FUND PERFORMANCE

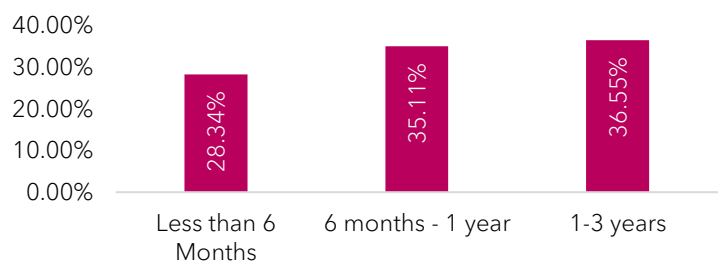


- FGN Bonds
- Short-Term Instruments
- Cash



Fund Duration	0.83
Holding Yield	8.87%

MATURITY PROFILE



*Weekly return for the month of June 2022 due to the recent launch of the fund

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FUND STRUCTURE

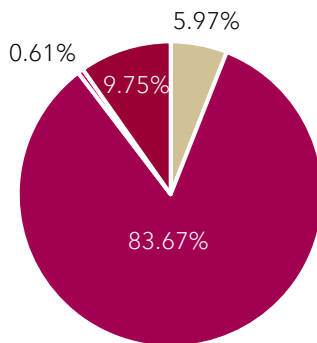
The ARM Fixed Income Fund is an open-ended fund authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond instruments.

FUND OBJECTIVE

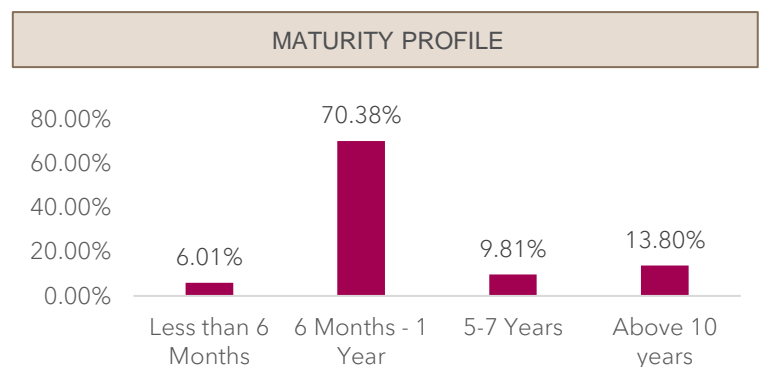
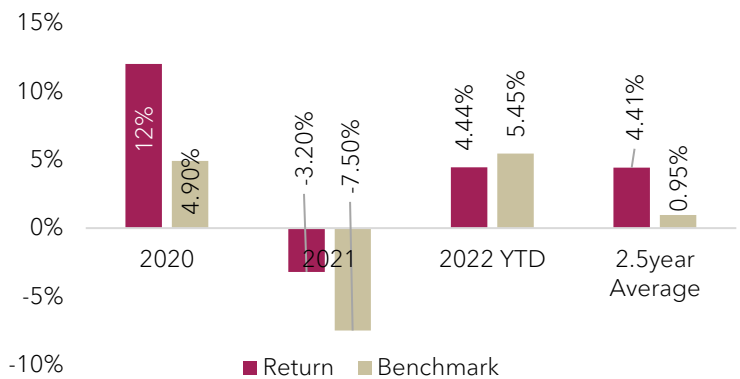
The primary objective of the Fund is to help investors achieve their medium to long-term investment goals by investing in investment grade fixed income securities such as FGN, corporate bonds, and short-term fixed income instruments.

KEY FACTS

Launch Date	February 2020
Size of Fund	₦961.07m
Initial Investment Amount	₦5,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 5-Year Nigeria Sovereign Bond and Nigeria Treasury Bills Yield
Trustee	STL Trustees Ltd.
Custodian	Rand Merchant Bank
Risk Profile	Medium - High
Monthly Relative Return(Sept 22)	-0.50%
FUND ASSET ALLOCATION	FUND PERFORMANCE



- FGN Bonds
- Short Term Securities
- Cash
- SGN Bonds



Fund Duration	1.63
Holding Yield	8.03%

FUND STRUCTURE

The ARM Eurobond Fund is an open-ended fund that invests in US Dollar denominated fixed income instruments. The Fund is authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007 and is regulated by the Securities & Exchange Commission (SEC). The fund can invest a minimum of 70% and maximum of 100% in bond instruments.

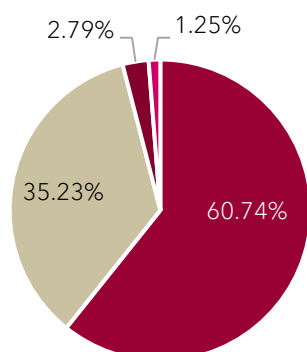
FUND OBJECTIVE

The main objective of the fund is to help investors achieve their long -term investment goals by investing in a broad range of US Dollar denominated instruments and hereby managing local currency devaluation risk.

KEY FACTS

Launch Date	February 2020
Size of Fund	\$10.61 Million
Initial Investment Amount	\$1,000.00
Incentive Fee	Maximum 20% of excess returns above benchmark
Management Fee	1.5% of NAV
Benchmark	Composite of 3-Year Nigeria Sovereign Eurobond and US Treasury Bills Yield
Trustee	STL Trustees Ltd.
Risk Profile	Medium-High
Custodian	Rand Merchant Bank
Relative Return(Sept 22)	0.18%

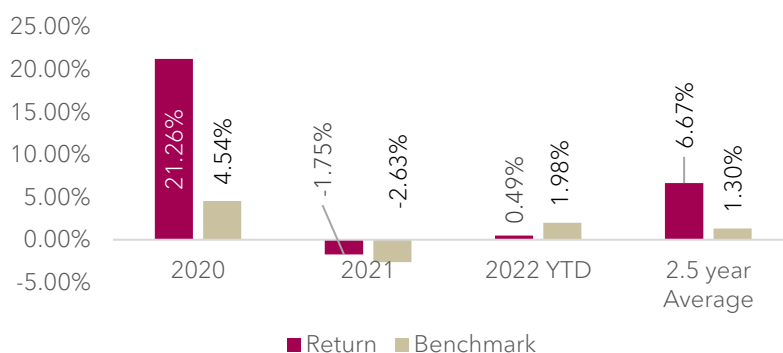
FUND ASSET ALLOCATION



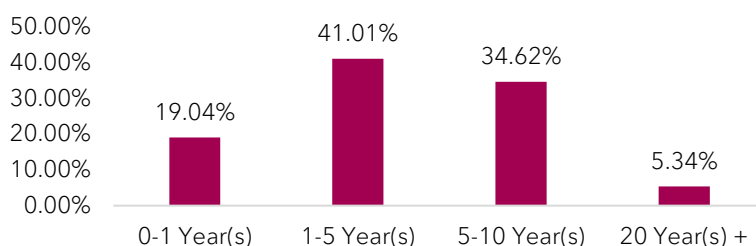
- FGN Eurobonds
- Corporate Eurobonds
- Short-term Instruments
- Cash

Fund Duration	3.44
Holding Yield	8.06%

FUND PERFORMANCE



MATURITY PROFILE



FUND STRUCTURE

The ARM Money Market Fund is an open-ended fund, authorized and registered in Nigeria as a Unit Trust Scheme under Section 160 of the Investment and Securities Act 2007. The Fund is regulated by Securities & Exchange Commission (SEC).

FUND OBJECTIVE

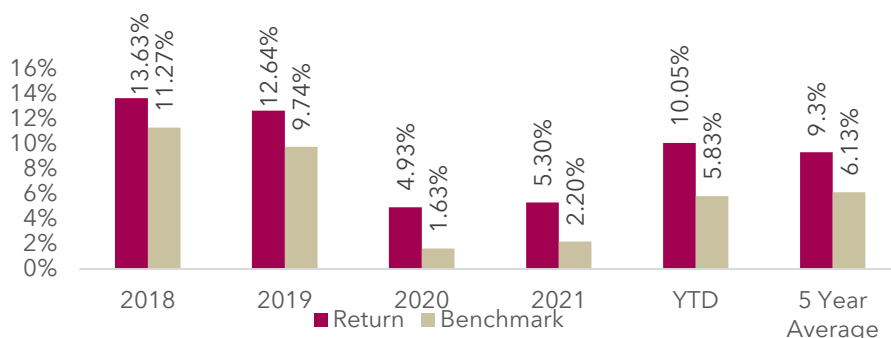
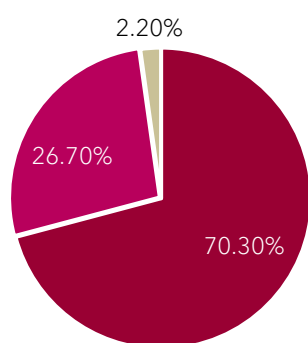
The primary objective of the Fund is to provide a steady stream of income to investors by investing in high-quality short-term money market instruments and government securities, which include; Banker's acceptances, certificates of deposits, commercial papers, Fixed Deposits with eligible financial institutions; Short term debt securities issued or guaranteed by the Government of Nigeria, Other instruments introduced and approved by the Central Bank of Nigeria (CBN) from time to time, Other money market or fixed income instruments in which the Fund is permitted to invest under the Trust Deed.

KEY FACTS

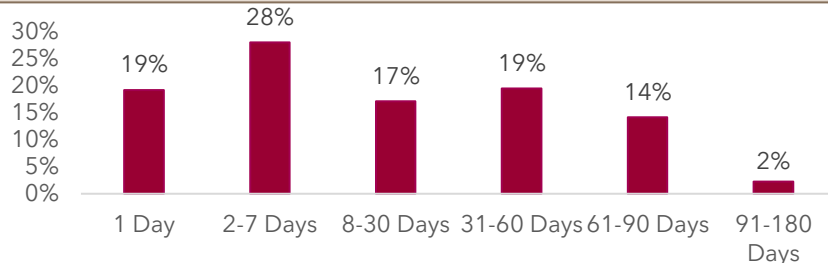
Launch Date	March 2013
Size of Fund	₦64.4 Billion
Initial Investment Amount	₦1,000.00
Income Accrual	Daily
Income Distribution	Quarterly
Management Fee	1.5% of NAV
Benchmark	Average yield on 91-Day Nigerian Treasury Bill primary auction stop rates.
Trustee	First Trustees Nigeria Ltd., a subsidiary of FBN Capital Ltd.
Relative Return(Sept 22)	4.05%

FUND ASSET ALLOCATION

FUND PERFORMANCE



MATURITY PROFILE



- Short-term Instruments
- Government Securities
- Commercial Papers

GLOBAL MARKETS

In line with the trend observed over the past six months, we believe the movement in asset prices and outcomes in the global macro space would remain centered around the monetary policy actions of global central banks and geopolitical tensions. In the oil market, the unexpected and large production cut of 2 million barrels per day instituted by OPEC+ would likely provide support for oil prices offsetting concerns about weakening demand due to recession fears. As a result, we see scope for Brent crude oil prices to trade above the \$90 mark in the month of October. Given this, we expect inflationary pressures to persist in the Eurozone premised on elevated energy prices combined with tepid supply from Russia via the Nord stream pipelines. As such, we envisage that economic activities in the region would remain hampered by energy challenges. In the US, we think investors will be paying rapt attention to labour market data for signs of a broad slowdown in the economy. Overall, we expect volatility to continue to permeate across financial markets as investors attempt to strike a difficult balance between recession risks and the hawkish rendition among global central banks.

DOMESTIC MARKETS

EQUITY

With the third consecutive hike in MPR by the CBN's MPC at its penultimate meeting held in September, we expect market sentiments to remain underwhelming as investors continue to rotate funds towards the FI market in search of attractive returns. We envisage that the 500 bps hike in CRR to 32.5% would drive negative reaction to banking tickers given the negative impact of the policy on Net Interest Margins and by extension profitability. Although, Q3 2022 corporate earnings would be released shortly, we expect muted reaction to the results given relatively higher FI yields. Furthermore, as political activities take center stage in the build-up to the general elections in February 2023, we expect growing uncertainties among investors to undermine appetite for risk assets whilst FPIs continue exhibiting cold feet towards naira assets given persistent FX liquidity constraints, increased political risk and rising global FI yields.

FIXED INCOME

The fixed income market is expected to remain bearish on the back of the unabatedly high inflation rate, and the upward revision of the MPR, which are both expected to keep rates elevated at both the primary and secondary markets for Treasury Bills and Bonds. Given the lower maturity level expected in October, tight system liquidity may also support the bearish sentiment as the DMO continues to borrow at decent levels amidst weak demand. The MPC is also expected to maintain its hawkish stance for the rest of the year with the expectation that the surging inflation rate will be brought under control, gap in negative real interest rate reduced while capital flight from the economy is moderated.



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